

# SENATE BILL REPORT

## SB 5958

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As of May 16, 2011

**Title:** An act relating to providing local government funding of tourism promotion, workforce housing, art and heritage programs, and community development.

**Brief Description:** Providing local government funding of tourism promotion, workforce housing, art and heritage programs, and community development.

**Sponsors:** Senators White, Kohl-Welles and Keiser.

**Brief History:**

**Committee Activity:** Government Operations, Tribal Relations & Elections: 5/17/11.

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS, TRIBAL RELATIONS & ELECTIONS

**Staff:** Sharon Swanson (786-7447) and Dean Carlson (786-7305)

**Background:** In King County, the 2 percent state-shared hotel-motel tax is used for retiring the debt on the Kingdome; arts and heritage programs; and after 2015, or earlier if the debt is repaid, for repaying the debt on the football stadium and exhibition center, and for youth athletic facility grants to cities, counties, or nonprofit organizations if sufficient money is available. King County is exempt from providing a tax credit for similar city hotel-motel taxes.

At the end of 2012 the distribution of the state-shared hotel-motel tax to arts, cultural, and heritage programs is scheduled to stop. Currently, 40 percent of these distributions are deposited into a county permanent and irreducible arts fund (Permanent Arts Fund) of which only the earnings on the fund may be spent on current programs.

In 1995 the Legislature authorized financing for a new baseball stadium in King County. The state's contribution included a credit against the state sales tax of 0.017 percent of taxable retail sales in King County, sports-themed lottery revenues, and commemorative ballpark license plates. King County was authorized to impose a special 0.5 percent sales tax on food and beverages in King County restaurants, taverns, and bars; a 2 percent sales tax on car rentals in King County; and admission taxes at the new ballpark. The baseball team also contributed to the construction of the facility. One of the 5 percent admissions taxes is dedicated to paying unanticipated capital costs excluding cost overruns on the initial

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construction. The 0.017 percent sales tax credit, the 0.5 percent tax on restaurant meals, the lottery revenue, and the 2 percent car rental tax all end when construction bonds are paid which is expected to be in the latter half of 2011. The authority for a second 5 percent admissions tax, which was never imposed, also ends when the construction bonds are paid.

The baseball stadium was developed by the Washington State Major League Baseball Stadium Public Facilities District. Public facility districts are authorized to impose certain taxes with approval of the voters of the district including a tax of up to 10 percent on parking at facilities owned or leased by the public facility district.

All counties are authorized to impose a 1 percent car rental tax. The revenue from the 1 percent car rental tax may be used for public stadium facilities and youth or amateur sports activities or facilities.

In 2007 the Legislature established the Pioneer Square–International District community preservation and development authority within the boundaries of the Pioneer Square–International District within the city of Seattle.

**Summary of Bill:** After current obligations to stadium debt are paid, revenue from the 2 percent state-shared hotel-motel tax in King County is directed to a new local fund in King County: MLK Workforce Housing, Arts and Preservation, Convention and Trade Center, and Community Development Fund (Fund). The following revenue will also be deposited into the Fund: the 0.5 percent restaurant tax (extended until December 31, 2015), the 2 percent car rental tax (extended until December 31, 2015), and 75 percent of the 1 percent car rental tax. The authorization to extend the restaurant tax and the 2 percent car rental tax is contingent on the following distribution of funds from the Fund beginning in 2012:

- Art, cultural and heritage programs - \$1 million in 2012; \$2 million from 2013-2020; and 32.5 percent of the hotel-motel tax from 2021 and each year thereafter.
- Housing - \$1 million in 2012; \$4 million from 2013-2020; and 25 percent of the hotel-motel tax from 2021 and each year thereafter. At least 40 percent of the funds must be provided for affordable workplace housing in Seattle and at least 40 percent must be provided for affordable workplace housing in the rest of the cities. At least 5 percent of the funds must be dedicated to services for the homeless youth.
- Pioneer Square–International District Community Preservation and Development Authority and Seattle Southside Visitor Services - \$1 million divided equally from 2012-2015; and \$500,000 divided equally from 2016-2020.
- Of the remainder an amount that will support at least \$140 million for construction, expansion, or repair of the Washington State Convention Center, and funding for capital or operating programs that promote tourism and attract tourists to the county.

The use of funds for the purpose of acquiring or constructing a new stadium used by a professional sports franchise or the use of funds for the purpose of acquiring, constructing, repairing, or improving a facility used by a state university is not allowed.

Beginning January 1, 2013, the principal of the Permanent Arts Fund may be used for current programs.

The Washington State Major League Baseball Stadium Public Facilities District is authorized to impose the 10 percent parking tax at a parking facility owned or leased by the district without voter approval. The revenue from the tax must be used for repair, re-equipping, and capital improvement of the baseball stadium. The permitted uses of the county 5 percent admissions charge is changed to fund repair, re-equipping, and capital improvement of the baseball stadium.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.